

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
: 02 Civ. 3687 (GEL)
: 02 Civ. 3985 (GEL)
: 02 Civ. 6171 (GEL)
: 02 Civ. 6801 (GEL)
: 02 Civ. 6919 (GEL)
IN RE SALOMON ANALYST LITIGATION : 02 Civ. 7966 (GEL)
: 02 Civ. 8114 (GEL)
: 02 Civ. 8156 (GEL)
: 03 Civ. 0528 (GEL)
: (and related cases)
:
-----X

GERARD E. LYNCH, District Judge:

CASE MANAGEMENT ORDER NO. 2

I. LEAD PLAINTIFFS

On January 24, 2003, this Court entered the first Case Management Order in this litigation, which directed, among other things, the consolidation of actions brought by shareholders of the same securities issuer. In each of these consolidated actions, those shareholders who wish to be appointed Lead Plaintiff have now submitted their respective motions and supporting documentation to the Court. The parties having appeared before the Court on March 12, 2003, and in accordance with its statutory obligations under the Private Securities Litigation Reform Act of 1995 (PSLRA), the Court hereby adopts a presumption that the following plaintiffs – who, in the determination of the Court, have the largest financial interest in the relief sought by the proposed class, and who, the Court finds, otherwise satisfy the requirements of Rule 23 of the Federal Rule of Civil Procedure– are the most adequate plaintiffs for their respective actions:

<u>Consolidated Action</u>	<u>Presumptive Most Adequate Plaintiff</u>
(1) WorldCom, 02 Civ. 3687 (GEL)	New York State Common Retirement Fund (“NYSCRF”)
(2) Global Crossing, 02 Civ. 3985 (GEL)	Ohio Retirement Systems (“Ohio”)
(3) Winstar, 02 Civ. 6171 (GEL)	“Ahearn Group” as defined in moving papers.

- | | |
|-------------------------------------|---|
| (4) AT&T, 02 Civ. 6801 (GEL) | Louisiana State Employee Retirement System (“LSERS”) and Private Asset Management (“PAM”) |
| (5) Level 3, 02 Civ. 6919 (GEL) | “Level 3 Group” consisting of Richard Garland, Douglas Lippold and Charles Fuller |
| (6) Metromedia, 02 Civ. 7966 (GEL) | “Metromedia Group” as defined in moving papers |
| (7) XO, 02 Civ. 8114 (GEL) | “Schutt Group” as defined in moving papers |
| (8) Williams, 02 Civ. 8156 (GEL) | “Williams Group” as defined in moving papers |
| (9) Rhythms Net, 03 Civ. 0528 (GEL) | “Horoshak Group” as defined in moving papers |

The Court has given interested plaintiffs in each class an opportunity to rebut the presumption of most adequate plaintiff in each of these consolidated actions, both in written submissions and in a hearing on March 12, 2003.

____ Now, therefore, it is **ORDERED** that:

In accordance with the requirements of the PSLRA, the Court hereby appoints each of the most adequate plaintiffs listed above as Lead Plaintiff in their respective consolidated action. This Appointment is subject to later modification or revision by the Court.

II. LEAD COUNSEL

The most adequate plaintiffs listed in Part I of this Order seek the Court’s approval for their choices of Lead Counsel as follows:

<u>Consolidated Action</u>	<u>Lead Counsel</u>
(1) WorldCom, 02 Civ. 3687 (GEL)	Bernstein Litowitz Berger & Grossman, L.L.P.
(2) Global Crossing, 02 Civ. 3985 (GEL)	Grant & Eisenhofer, P.A.

- | | |
|-------------------------------------|--|
| (3) Winstar, 02 Civ. 6171 (GEL) | Shalov, Stone & Bonner, L.L.P.
(supported by an executive committee
consisting of Shapiro Haber & Urmy, L.L.P.;
Stull, Stull & Brody; and
Berger & Montague, P.C.) |
| (4) AT&T, 02 Civ. 6801 (GEL) | Pomerantz Haudek Block Grossman
Gross, L.L.P. |
| (5) Level 3, 02 Civ. 6919 (GEL) | Weiss & Yourman and
Beatie and Osborn, LLP |
| (6) Metromedia, 02 Civ. 7966 (GEL) | Nix, Patterson & Roach, L.L.P. ;
Kaplan Fox & Kilsheimer, L.L.P. ; and
Patton Haltom Roberts McWilliams &
Greer, L.L.P. |
| (7) XO, 02 Civ. 8114 (GEL) | Abbey Gardy, L.L.P. and
Green & Jigarjian, L.L.P.
(supported by an executive committee consisting
of Rabin, Murray & Frank, L.L.P. and
Cohen Milstein Hausfeld & Toll, P.L.L.C.) |
| (8) Williams, 02 Civ. 8156 (GEL) | Kaplan Fox & Kilsheimer, L.L.P. |
| (9) Rhythms Net, 03 Civ. 0528 (GEL) | Beatie and Osborn, L.L.P. |

It is further ORDERED that:

The Court hereby approves each of the above-listed choices of Lead Counsel. This approval is subject to later modification or revision by the Court.

Lead Counsel in each respective action shall have the following responsibilities: *(a)* sign any consolidated complaint, motions, briefs, discovery requests, objections, stipulations, or notices on behalf of plaintiffs in their action for any matters arising during pretrial proceedings; *(b)* conduct all pretrial proceedings on behalf of plaintiffs in their action; *(c)* brief and argue motions; *(d)* initiate and conduct discovery; *(e)* speak on behalf of plaintiffs in their action at any pretrial conference; *(f)* employ and consult with experts; *(g)* conduct settlement negotiations with defense counsel on behalf of plaintiffs in their action; *(h)* call meetings of plaintiffs' counsel in their action; *(i)* accept service on behalf of all plaintiffs in their action; *(j)* distribute to all plaintiffs' counsel in their action copies of all notices, orders, and decisions of the Court, including this order; *(k)* maintain an up-to-date list of counsel available to all plaintiffs' counsel

in their action on request; and (l) keep a complete file of all papers and discovery materials filed or generated in their action which shall be available to all plaintiffs' counsel in their action at reasonable hours.

III. CLAIMS AGAINST MORGAN STANLEY

In the hearing of March 12, 2003, Defendant Morgan Stanley renewed its motion originally made by letter of February 4, 2003, to sever the claims against it in the following cases that were consolidated as part of In re Salomon Analyst Level 3 Litigation, 02 Civ. 6919, by Case Management Order No. 1:

Pfeiffer v. Salomon Smith Barney Inc. et al., 02 Civ. 6919

Pinger v. Salomon Smith Barney Inc. et al., 02 Civ. 7052

Arneson v. Salomon Smith Barney Inc. et al., 02 Civ. 7714

Delater v. Salomon Smith Barney Inc. et al., 02 Civ. 7905

Fuller v. Salomon Smith Barney Inc. et al., 02 Civ. 7906.

Because the claims against the Morgan Stanley defendants are distinct from those against the other defendants, it is further ORDERED that:

The claims against Morgan Stanley in the above-captioned proceedings are severed pursuant to Rule 21, Fed. R. Civ. P. Those claims are consolidated for all purposes pursuant to Rule 42(a), Fed. R. Civ. P. They shall be referred to collectively as In re Morgan Stanley Analyst Level 3 Litigation, 02 Civ. 7052 (GEL) ("MS Level 3"). Further Orders concerning MS Level 3 shall be issued separately.

IV. CONSOLIDATED AMENDED COMPLAINTS

It is further ORDERED that:

With respect to all of the SSB Analyst Litigation actions named in this Order, except In re Salomon Analyst WorldCom Litigation, 02 Civ. 3687 (GEL) ("SSB WorldCom"), and In re Salomon Analyst Global Crossing Litigation, 02 Civ. 3985 (GEL) ("SSB Global Crossing"), consolidated amended complaints shall be filed no later than May 15, 2003, by the respective Lead Plaintiffs that have been appointed in this Order, with one courtesy copy of each complaint submitted to Chambers.

V. BRIEFING SCHEDULE

It is further ORDERED that:

With respect to all the actions named in this Order except SSB WorldCom and SSB Global Crossing:

- (1) Defendants shall respond to the consolidated amended complaints in the respective actions, by motion or answer, no later than July 15, 2003;
- (2) If any defendant moves to dismiss any of the consolidated amended complaints, plaintiff(s) shall respond to such motion(s) no later than August 15, 2003; and
- (3) Defendant(s) shall reply to plaintiff's or plaintiffs' response(s) no later than September 22, 2003.

Pursuant to the Court's Individual Practice Rules, courtesy copies of motions or responses need not be provided to Chambers at the time of filing. When the reply or replies are served and filed, defendants shall supply two courtesy copies of all motion papers to Chambers.

VI. SSB WORLD COM SCHEDULE

It is further ORDERED that:

Because of the pendency of similar claims in the proceedings before Judge Cote captioned In re WorldCom, Inc. Securities Litigation, 02 Civ. 3288 (DLC) ("WorldCom Securities"), in which defendants' motions to sever the Salomon analyst-related claims and dismiss all claims in that action have been filed and are fully briefed, the following schedule is established as to SSB WorldCom:

(a) Should Judge Cote grant the severance motion in World Com Securities, the plaintiff in SSB WorldCom shall file a consolidated complaint by May 15, 2003, or within 21 days of the entry of Judge Cote's Order, whichever date is later. In that event, the parties shall present to the Court an agreed briefing schedule for the answering papers and replies such that, to the extent possible, the SSB WorldCom action will be fully briefed by September 22, 2003, so as to be on track with the other Salomon Analyst Litigations.

(b) Should Judge Cote deny the severance motion pending before her, further proceedings in SSB WorldCom shall be stayed pending further Order of this Court.

VII. SSB GLOBAL CROSSING SCHEDULE

It is further ORDERED that:

Because of the pendency of similar claims in the proceedings before this Court in In re Global Crossing, Ltd. Securities Litigation, 02 Civ. 910 (GEL) ("Global Crossing Securities"), a consolidated amended complaint will not be filed in SSB Global Crossing. The parties in SSB Global Crossing are directed to meet and confer, and to advise the Court on or before March 31, 2003, whether plaintiff (a) agrees to stay proceedings in SSB Global Crossing and to proceed with the claims against the Salomon Smith Barney defendants in the Global Crossing Securities

matter; or (b) agrees to sever and dismiss the claims against those defendants in Global Crossing Securities and to proceed with those claims by filing a consolidated complaint or consolidated amended complaint in SSB Global Crossing. If the latter course is pursued, the schedule for the filing of the consolidated pleading and any motions to dismiss shall be the same as provided in Parts IV and V of this Order.

VIII. MISCELLANEOUS

It is further ORDERED that:

(1) The complaints previously filed in any of the Salomon Analyst Litigation cases already before this Court shall be deemed withdrawn and shall be dismissed two weeks after the filing of the consolidated amended complaints, unless the plaintiff(s) filing said complaints, no later than May 29, 2003 (or, if the date of filing the consolidated amended complaints is extended by further Order of this Court, within ten days of the adjourned filing date): (i) show(s) cause for why the complaint should not be dismissed; and (ii) deliver(s) to Chambers a courtesy copy of the original complaint.

(2) Counsel should be advised that this Court does not look favorably upon and will not permit double-charging by multiple firms or local counsel for the same work or representation. Each counsel that has been appointed Lead Counsel must maintain complete and accurate records of all time charges pertaining to its representation in this litigation. All counsel are reminded of this Court's statutory obligation, upon final adjudication of this litigation, to make specific findings upon the record regarding the compliance of every party and attorney with each requirement of Rule 11(b) of the Federal Rules of Civil Procedure with respect to any complaint, responsive pleading, or dispositive motion. Any violations found will be subject to appropriate sanctions. 15 U.S.C. § 78-u-4(c).

(3) All counsel are advised to monitor the internet website of the U.S. District Court for the Southern District of New York, available at <http://www.nysd.uscourts.gov>, under the link entitled *Consolidated Cases- In re Salomon Smith Barney Analyst Litigation*, if they wish to obtain up-to-date Orders and other information pertaining to this litigation.

(4) This Order disposes of all pending motions for appointment as lead plaintiff, approval of lead counsel, and all scheduling and organizational matters presently pending in all cases consolidated under the docket numbers above, and the Clerk of Court is respectfully directed to mark all such motions as closed for purposes of all internal reports. The Clerk of Court shall file a copy of this Order in a separate file for In re Morgan Stanley Analyst Level 3 Litigation, 02 Civ. 7052 (GEL).

SO ORDERED.

Dated: New York, New York
March 20, 2003

GERARD E. LYNCH
United States District Judge